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LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

Lease Agreement dated as of January 1, 1974, between J. M. NACHBIN and M. A. MARINI, as Trustees under the Trust Agreer referred to in Section 23 hereof ("Lessor"), CONTINENTAL ILLINOIS LEASING CORPORATION, as Fiscal Agent for the Lessor ("Agent"), and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, a Wisconsin corporation ("Lessee").

1. LEASE OF EQUIPMENT

Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, upon the terms and conditions hereinafter set forth, 550 rebuilt railroad freight train cars (the "Equipment", and each such car being sometimes hereinafter referred to as a "unit") covered by Lessee's published invitation to bid under Contract No. 1 of 1974 and described as follows:

450 rebuilt 40-foot box cars (the
"box cars")

100 rebuilt 8-stake log flat cars
(the "flat cars")

Deliveries of units of Equipment shall be in minimum groups of 50 units, except for the final delivery. The aggregate cost ("Lessor's Cost") for the acquisition, reconstruction and delivery of all units of Equipment shall not exceed \$3,065,500.

2. RECONSTRUCTION OF EQUIPMENT.

(a) Lessor has agreed under a Contract for Purchase and Construction dated as of the date hereof (the "Reconstruction Agreement") between Lessee and Lessor to purchase from the Lessee 550 used freight-train cars consisting of 450 forty-foot box cars and 100 log flat cars and gondola cars for a purchase price of \$500 per car (or an aggregate purchase price of \$275,000). Such purchase price shall hereinafter be referred to as the "Acquisition Cost."

(b) Lessee has also agreed under the Reconstruction Agreement to rebuild and reconstruct for Lessor the used freight train cars referred to in Section 2(a) above in order to produce 450 rebuilt box cars and 100 rebuilt flat cars for lease as the "Units of Equipment" hereunder at a reconstruction price of \$5,000 per flat car and \$5,090 per box car (or an aggregate reconstruction price of \$2,790,500). Such reconstruction price shall hereinafter be referred to as the "Reconstruction Cost."

3. LEASE TERM

The term of lease under this Lease Agreement of each unit of Equipment shall commence on the date of delivery of such unit to Lessee after its reconstruction and shall end 120 months after the date (the "Commencement Date") which shall be the earlier of (i) the date as of which all units of Equipment shall have been accepted by Lessee, or (ii) December 31, 1974.

4. RENT, NET LEASE

Lessee shall pay to Lessor rent for the Equipment in 40 installments, each of which shall be in an amount equal to 3.29189% of Lessor's Cost of all units of Equipment. The first installment of rent shall be payable on the Commencement Date. Subsequent installments of rent shall be payable thereafter on each successive quarterly anniversary of the Commencement Date. In addition, Lessee shall pay Lessor interim rent on the last day of March, June and September and on the Commencement Date for any period then ending for which such interim rent shall not have been theretofore paid, which interim rent shall be in an amount equal to 1-1/4% over the prime commercial rate of Continental Illinois National Bank and Trust Company of Chicago from time to time in effect of a part of Lessor's Cost of the Equipment paid by Lessor prior to the Commencement Date computed from the respective dates so paid to the date of payment of such interim rent, and computed on the basis of a year consisting of 365, or when applicable 366, days. Changes in the interim rent due to changes in said Bank's prime rate shall be effective when and as said Bank changes its prime rate. All rent and other amounts due from Lessee to Lessor shall be paid to the Lessor at its office at 231 South LaSalle Street, Chicago, Illinois 60693 or at such other place as Lessor shall specify in writing. In the event any rent or other amounts due hereunder shall not be made promptly when due, Lessee shall pay Lessor, as additional

rent hereunder, interest on such overdue amount from the due date thereof to the date of payment thereof at a rate equal to the less of (i) 10% per annum or (ii) the maximum rate permitted by law.

This Lease Agreement provides for a net lease and the rent and other amounts due hereunder from Lessee to Lessor shall not be subject to any defense, claim, reduction, set-off or adjustment for any reason whatsoever. Lessee shall promptly pay all costs, expenses and obligations of every kind and nature incurred in connection with the use or operation of the Equipment which may arise or be payable during the lease term of such Equipment hereunder, whether or not such cost, expense or obligation is specifically referred to herein.

5. PAYMENTS FOR EQUIPMENT

Lessor shall from time to time on or before the Commencement Date (not more than once in any week) make such payments as Lessee may request under a Certificate of Acceptance in the form of Exhibit A hereto (a "Certificate of Acceptance") for the purchase of the used cars under the Reconstruction Agreement and the reconstruction and rebuilding of the units of Equipment under such Reconstruction Agreement. Each such Certificate of Acceptance shall cover not less than 50 units of Equipment, and shall be accompanied by appropriate invoices, bills of sale, certificates and opinions of counsel as may be provided for in the Reconstruction Agreement or this Lease Agreement.

6. ACCEPTANCE OF EQUIPMENT

Acceptance of a unit of Equipment by Lessee under a Certificate of Acceptance shall constitute Lessee's acknowledgement that the Equipment is in good order and condition of the manufacture, design and capacity selected by Lessee; and is suitable for Lessee's purposes. If Lessee has not accepted all units of Equipment by the Commencement Date, then this Lease Agreement shall cover only those units of Equipment which have theretofore been so accepted.

7. DISCLAIMER OF LESSOR'S WARRANTIES

Lessee agrees and acknowledges that all units of Equipment have been or will be ordered and reconstructed in accordance with Lessee's specifications and that NEITHER LESSOR NOR ANY TRUSTOR M

ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER OF TITLE, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, OR OTHERWISE REGARDING THE EQUIPMENT OR A UNIT THEREOF. Lessor shall, at Lessee's sole expense, take all actions reasonably requested by Lessee to make available to Lessee to the fullest extent possible any rights of Lessor under any express or implied warranties it may have under the Reconstruction Agreement.

8. LESSEE'S WARRANTIES

Lessee represents and warrants that:

(a) Lessee is a corporation duly organized and existing in good standing under the laws of the State of Wisconsin.

(b) Lessee is duly authorized to execute and deliver the Reconstruction Agreement and this Lease Agreement, and is and will continue to be duly authorized to lease Equipment hereunder and to perform its obligations hereunder and thereunder.

(c) The execution and delivery of the Reconstruction Agreement and this Lease Agreement by Lessee, and the performance by Lessee of its obligations hereunder and thereunder, do not and will not conflict with any provision of law or of the charter or by-laws of Lessee or of any indenture, mortgage, deed of trust or agreement or instrument binding upon Lessee or to which Lessee is a party. Lessee has in the negotiation, execution and delivery of the Reconstruction Agreement and this Lease Agreement complied in all respects with the competitive bidding regulations prescribed by the Interstate Commerce Commission ("ICC") in 49 CFR Part 1010 pursuant to 15 U.S.C. § 20.

(d) The execution, delivery and performance of the Reconstruction Agreement and this Lease Agreement by Lessee and the consummation by Lessee of the transactions contemplated hereby and thereby does not require the consent, approval or authorization of, or notice to, any Federal or State governmental authority or public regulatory body, except for (i) the recording of this Lease Agreement and each Certificate of Acceptance with the ICC in accordance with Section 20c of the Interstate Commerce Act, and (ii) the filing with the ICC within 30 days after the date of execution and delivery hereof of the statement required by 15 U.S.C. § 20 and 49 CFR § 1010.4.

(e) Lessee's financial statement as at September 30, 1971, a copy of which has been furnished to each Trustor, has been prepared.

in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the ICC applied on a basis consistent with that of the preceding fiscal year and presents fairly the financial condition of Lessee as at the date thereof, and the results of its operations for the period then ended, and since such date there has been no material adverse change in its financial condition.

(f) The Reconstruction Agreement and this Lease Agreement are the legal, valid and binding obligations of Lessee enforceable in accordance with their respective terms.

(g) There are no pending or threatened actions or proceedings before any court or administrative agency which may to a material extent adversely affect the financial condition or continued operation of Lessee and its subsidiaries on a consolidated basis (except as previously disclosed in writing by Lessee to Lessor).

(h) The Reconstruction Cost for each unit of Equipment has been properly allocated and attributed to the rebuilding and reconstruction cost of each such unit in accordance with generally accepted accounting principles and the accounting rules of the ICC. The fair market value of the used freight train cars to be purchased by Lessor under the Reconstruction Agreement is not in excess of the Acquisition Cost therefor.

(i) Each unit of Equipment will constitute "new Section 38 property" within the meaning of Section 48(b) of the Internal Revenue Code of 1954, as amended, to the extent of the Reconstruction Cost therefor.

(j) Under the Reconstruction Agreement each unit of Equipment on the date of delivery thereof will have an estimate useful life of at least two years beyond the expiration of the term of lease under this Lease Agreement for such unit of Equipment and an estimated fair market value at the end of such term of at least 15% of Lessor's Cost for such unit of Equipment.

9. OWNERSHIP, LOCATION, USE OF AND LIENS ON EQUIPMENT

(a) The Equipment shall be the exclusive property of Lessor, and Lessee shall have no rights therein except the right to use it so long as Lessee is not in default hereunder.

(b) Lessee agrees that the Equipment will be used solely in the conduct of its business, with due care to prevent injury thereto or to any person or property and in conformity with all applicable laws, ordinances, rules, regulations and other requirements of any insurer or governmental body (including, without limitation any requirements regarding licensing or registration, or evidencing title to the Equipment, all of which shall be done in such manner as shall have previously been approved in writing by Lessor). Lessor, the Agent, or any duly authorized representative of either thereof, may during reasonable business hours from time to time inspect the Equipment and Lessee's records with respect thereto wherever the same may be located.

(c) Lessee agrees to comply in all respects with all laws of the jurisdictions in which the units may be operated, with the interchange rules of the Association of American Railroads if applicable, and with all lawful rules of the Department of Transportation and the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the units. In the event that such laws or rules require the alteration of the units or in case any equipment or appliance on any such unit shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such unit in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such alterations, changes, additions and replacements at its own expense; and Lessee agrees at its own expense to use, maintain and operate such unit in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease Agreement; provided, however, that Lessee may, in good faith, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder.

(d) Lessee shall not permit any lien, charge, encumbrance, security interest, or other similar interest to arise or remain on any Equipment other than (i) liens placed by Lessor or liens of persons claiming against Lessor but not Lessee, which arise out of obligations which Lessee is not required by this Lease Agreement to pay or discharge, (ii) liens of current taxes not delinquent, and (iii) inchoate materialmen's or mechanics liens arising in the ordinary course of business and not delinquent.

(e) Lessee shall place and maintain on each side of each unit of Equipment a notice (in letters not less than one inch in height) conspicuously disclosing Lessor's ownership thereof as follows:

"Milwaukee Road Equipment Trust No. 1974-1,
Owner-Lessor"

or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such unit and the rights of Lessor under this Lease Agreement. Lessee will not place any such unit in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee shall maintain on each unit of Equipment the serial and other identifying numbers, if any, set forth on the applicable Certificate of Acceptance. Lessee will not change the identifying number of any unit except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with Lessor by Lessee and filed, recorded or deposited by Lessee in all public offices where this Lease Agreement shall have been filed, recorded or deposited. Except as above provided, Lessee, so long as this Lease Agreement shall remain in effect, will not allow the name of any person, association or corporation to be placed on the units as a designation that might be interpreted as a claim of ownership; provided, however, that Lessee may cause the units to be lettered with the names or initials or other insignia custom used by Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the units as permitted under this Lease Agreement.

10. MAINTENANCE OF EQUIPMENT; EVENT OF LOSS

(a) Lessee shall at all times keep the Equipment in good repair and efficient condition and working order, reasonable wear and tear excepted. Lessee shall supply all parts, service, and other items required in the operation and maintenance of the Equipment. All parts, improvements, additions, replacements and substitutions to or for any Equipment shall immediately become Equipment and the property of Lessor. Lessee assumes all risk of, and Lessee's obligations under this Lease Agreement shall

continue unmodified despite, any loss, theft, destruction, damage, condemnation, requisition or taking by eminent domain or other interruption or termination of use of any Equipment regardless of the cause thereof.

(b) Upon the happening of any loss, theft, destruction, damage, condemnation, requisition, taking by eminent domain or other interruption or termination of use of any unit of Equipment regardless of the cause thereof (herein collectively called an "Event of Loss"), Lessee shall promptly make all repairs and repairs necessary to restore or repair such unit of Equipment so that the Equipment thereafter subject to lease hereunder is substantial equivalent to, and of a value not less than, the Equipment subject to lease hereunder prior to such Event of Loss; provided, however, that Lessee may instead within 30 days of such Event of Loss, furnish Lessor with an affidavit of an officer of Lessee setting forth the fact of such Event of Loss and, on the next subsequent rent payment date hereunder with respect to such unit of Equipment following the furnishing of said affidavit, pay to Lessor the Stipulated Loss Value (as defined in Exhibit B hereto and determined as of such next subsequent rent payment date) of such unit of Equipment. Upon payment of (i) such Stipulated Loss Value, (ii) any rent accrued and unpaid on such unit of Equipment to and including the rent payment date immediately preceding the date such affidavit is furnished and (iii) any other amounts owing by Lessee hereunder whether as additional rent, indemnification or otherwise, Lessor shall transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such unit of Equipment it may have. Upon such transfer the lease of such unit of Equipment hereunder shall end.

(c) When Lessee has fulfilled the requirements of paragraph (b) regarding an Event of Loss, Lessor shall (if no event of default or event which might mature into an event of default, has occurred and is continuing) reimburse Lessee for its costs thus incurred to the extent of any proceeds received by Lessor because of such Event of Loss either under any policies of insurance provided for in Section 11 or as satisfaction of any claim (other than one to which an insurer is or may be subrogated) by Lessor against any person or persons liable in respect of such Event of Loss, after subtracting in each instance all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by Lessor and not otherwise reimbursed by Lessee in respect thereof.

11. INSURANCE

Lessee will cause the Equipment to be insured under such insurance policies as are customary in the railroad industry. Lessee will provide the Agent on request with a letter describing such coverage.

12. TAXES

Lessee agrees to pay (and does hereby agree to indemnify and hold Lessor, the Agent and each Trustor harmless from and against) all sales, use, personal property, leasing, lease, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) imposed against Lessor, the Agent, any Trustor, Lessee or the Equipment by any Federal, State or local government or taxing authority upon or with respect to the Equipment or upon the purchase, reconstruction, ownership, delivery, lease, possession, use, operation, return, sale or other disposition thereof hereunder or in connection herewith, or upon the rentals, receipts, earnings arising therefrom, or upon or with respect to this Lease Agreement (excluding, however, Federal and State taxes on, or measured by, the net income of Lessor, the Agent or any such Trustor) unless, and to the extent only that, any such tax, levy, impost, duty, charge or withholding is being contested by Lessee in good faith and by appropriate proceedings. Lessee agrees to file, on behalf of Lessor, all required tax returns and reports concerning the Equipment with all appropriate governmental agencies and to furnish the Agent a copy of each such return or report within 30 days after the due date of such filing. To the extent that any taxes hereinabove referred to in this Section 12 are included in Lessor's Cost for any unit, Lessee shall not be obligated under this Section 12 for indemnification with respect to such taxes.

13. INDEMNIFICATION AND EXPENSES

(a) Lessee agrees to and does hereby indemnify and hold Lessor, the Agent and each Trustor, and their respective agents, employees, stockholders, officers and directors, harmless from and against any and all expense, liability or loss whatsoever including (without limitation) reasonable legal fees and expenses relating to or in any way arising out of the Reconstruction Agreement or this Lease Agreement, or the purchase, ownership, delivery, lease, possession, rental, use, operation, return,

sale or disposition of the Equipment hereunder or in connection herewith (including without limitation, expense, liability or loss relating to or in any way arising out of injury to persons or property, patent or invention rights or strict liability in tort). Lessor shall give Lessee and Lessee shall give Lessor notice of any event or condition which requires indemnification by Lessee hereunder, or any allegation of such event or condition, promptly upon obtaining knowledge thereof, and, to the extent that Lessee makes or provides to the satisfaction of Lessor for payment under the indemnity provisions hereof, Lessee shall be subrogated to Lessor's rights with respect to such event or condition and shall have the right to determine the settlement of claims thereon, it being agreed that except to the foregoing extent, Lessor shall have the right to determine such settlement. Lessee shall pay all amounts due hereunder promptly on notice thereof from Lessor.

(b) If as to any unit of Equipment any Trustor shall not be entitled under any circumstances other than as set forth in paragraph (d) below to any portion or all of the maximum investment credit presently allowable under Section 38(a) of the Internal Revenue Code of 1954, as amended, for new property with a useful life of more than seven years on not less than the Reconstruction Cost of such unit of Equipment, or if at any time any Trustor shall lose, have recaptured or be deemed not to be entitled to any portion or all of said maximum investment credit on the Reconstruction Cost of each such unit of Equipment under any circumstances other than as set forth in such paragraph (d), then Lessee shall pay such Trustor upon demand, the sum of (1) the amount of said maximum investment credit which such Trustor shall have so lost, had recaptured or failed to receive; (2) the amount of any interest (net of any actual decrease in Federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to tax because of underpayment of estimated tax, which may be assessed against such Trustor in connection therewith and (3) the amount of any taxes required to be paid by such Trustor in respect of the receipt of amounts referred to in clauses (1) and (2) above and the receipt of amounts pursuant to this clause (3). If, at any subsequent time, such Trustor shall be allowed any portion or all of said maximum investment credit which it lost, had recaptured or failed to receive at any time previous and for which payment had been made to such Trustor by Lessee pursuant to paragraph (b), then, promptly after said allowance, such Trustor shall

pay Lessee the sum of (i) all amounts with respect thereto paid to such Trustor by the Federal government (including refunds of income credit, interest, and penalties and any additional interest paid to such Trustor by the Federal government on such refunds) reduced by all taxes required to be paid by such Trustor in respect of the receipt of such amounts from the Federal government, and (ii) the amount of any taxes saved by such Trustor in respect of its payment to Lessee of amounts referred to in clause (i) above and its payment to Lessee of amounts pursuant to this clause (ii). Each Trustor agrees to use its best efforts to take the maximum investment credit to which it shall reasonably deem itself entitled with respect to the Equipment on its Federal income tax return for the earliest possible year for which it can be taken.

(c) If any Trustor in computing its Federal taxable income for any part of the lease term of any unit of Equipment shall under any circumstances other than as set forth in paragraph (d) below lose the benefit of or the right to claim or there shall be disallowed or recaptured all or any portion of depreciation deductions for Federal income tax purposes for such unit of Equipment based on depreciation of the Acquisition Cost and the Reconstruction Cost of such unit over a depreciable life of 12 years to a net salvage value of 5% using any appropriate depreciation method for such Acquisition Cost and Reconstruction Cost which such Trustor, in its complete discretion, may select, then Lessee shall pay such Trustor on each rent payment date during the remaining lease term of such unit, as additional rent hereunder, an amount which, after deduction of all taxes required to be paid by such Trustor in respect of the receipt thereof, shall be sufficient to yield to such Trustor the same return as would have been realized by such Trustor in respect of this Lease Agreement if such loss, disallowance, or recapture of depreciation deductions or the right to claim the same had not occurred. Such amount shall, if subsequent circumstances require, be thereafter adjusted (or further appropriate adjustments shall be made in respect thereof) when and to the extent necessary so that such Trustor's return shall be as aforesaid. In addition, Lessee shall also pay such Trustor, on demand, as additional rent hereunder, an amount which, after deduction of all taxes required to be paid by such Trustor in respect of the receipt thereof, shall be equal to the amount of any interest (net of any actual decrease in Federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to tax because of underpayment of estimated tax, which may be assessed against such Trustor in connection with such loss, disallowance, or recapture of depreciation deductions or the right to claim the same.

(d) Lessee shall not be required to pay any Trustor the amounts provided for in paragraphs (b) and (c) above if the loss or disallowance of investment credit or depreciation deductions, as the case may be, or the right to claim the same, shall result from the occurrence of any of the following events:

(i) Such Trustor shall fail to claim such investment credit or depreciation deductions in its income tax returns for the appropriate years or shall fail to follow the proper procedures in claiming such investment credit or depreciation deductions and such failure to claim or follow such procedures, as the case may be, shall preclude such Trustor from claiming such investment credit or depreciation deductions;

(ii) Such Trustor shall not have sufficient income to benefit from such investment credit or depreciation deductions;

(iii) Such Trustor shall, at any time when no event of default has occurred and is continuing, without the written consent of Lessee, voluntarily transfer legal title to (other than a transfer pursuant to Section 10(b) hereof), dispose of or reduce its interest in such Equipment and such transfer, disposition or reduction in interest shall be the direct cause of such loss;

(iv) Such Trustor shall fail to take timely action in contesting a claim made by the Internal Revenue Service with respect to the disallowance of the investment credit or depreciation deductions pursuant to paragraph (e) below and the failure to take such action in a timely manner shall preclude all rights to contest such claim, unless Lessee shall agree to such failure; or

(v) Lessee shall have paid such Trustor the Stipulated Loss Value of such unit of Equipment pursuant to Section 10(b) hereof.

(e) In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss of

such investment credit or depreciation deductions under circumstances which would require Lessee to indemnify any Trustor for such loss, such Trustor hereby agrees to notify Lessee promptly of such claim to not make payment of the tax claimed for at least 30 days after giving such notice, to give to Lessee any relevant information requested by it relating to such claim which may be particularly within the knowledge of such Trustor and, if Lessee shall, within days after such notice, request that such claim be contested, to take such action in connection with contesting such claim as Lessee shall reasonably request in writing from time to time, but only if Lessee shall, contemporaneously with such initial request, have (i) made provision for such Trustor's indemnification in a manner satisfactory to such Trustor for any liability or loss such Trustor may from time to time incur as the result of contesting such claim and reimbursement for all costs and expenses, including legal fees and disbursements, which such Trustor may incur in connection with the contesting of such claim and (ii) furnished such Trustor an opinion of independent tax counsel satisfactory to Lessor to the effect that a meritorious defense exists to such claim; provided however, that at any time after having received such request from Lessee, such Trustor at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims, as such Trustor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed.

(f) References in Section 12 and in paragraphs (b) through (e) of this Section 13 to a Trustor shall be deemed to mean any affiliate group of which such Trustor is a part which files a consolidated return for Federal income tax purposes, provided that only such Trustors shall be obligated with respect to the covenants and duties therein expressed to be imposed on such Trustor.

(g) All of the indemnities and agreements of Lessee contained in Section 12 and in this Section 13 shall survive and continue in full force and effect notwithstanding termination of this Lease Agreement or of the lease of any or all units of Equipment hereunder.

14. RETURN OF EQUIPMENT

Upon final termination of the lease term hereunder of any unit of Equipment (other than a termination under Section 10(b) Lessee shall forthwith deliver possession of the units to Lessor. For the purpose of delivering possession of any unit or units to Lessor as above required, Lessee shall at its own cost, expense and risk:

A. forthwith place such units upon such storage tracks of Lessee as Lessor reasonably may designate,

B. permit Lessor to store such units on such tracks at the risk of Lessee until such units have been sold, leased or otherwise disposed of by Lessor, provided that Lessor agrees to pay Lessee's reasonable storage charges for any storage after 180 days, and

C. transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by Lessor:

The assembling, delivery, storage (except as above provided) and transporting of the units as hereinbefore provided shall be at the expense and risk of Lessee and are of the essence of this Lease Agreement, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the units. During any storage period, Lessee shall maintain insurance on the units of Equipment in accordance with Section 11 hereof and shall permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such unit, to inspect the same; provided, however that Lessee shall not be liable, except in the case of negligence of Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 14, Lessee hereby irrevocably appoints Lessor as the agent and attorney-in-fact of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any unit to Lessor, to demand a take possession of such unit in the name and on behalf of Lessee f whomsoever shall be in possession of such unit at the time.

Lessor may also, in its sole discretion, elect to abandon such unit of Equipment at its then location (and Lessee hereby consents to such an abandonment). If Lessor elects to abandon any unit of the Equipment, whatever title Lessor has to such unit of Equipment shall thereupon pass to Lessee, without any representation or warranty of any kind, express or implied.

15. FINANCIAL STATEMENTS

Lessee shall furnish or cause to be furnished to Lessor, (i) within 90 days after each fiscal year of the Chicago Milwaukee Corporation ("CMC"), the parent corporation of Lessee, a copy of the annual audit report of CMC and any consolidated subsidiaries, prepared on a consolidated basis and in conformity with generally accepted accounting principles (subject to conforming railroad qualifications) applied on a basis consistent with that of the preceding fiscal year, and signed by independent certified public accountants satisfactory to Lessor, (ii) within 90 days after each fiscal year of Lessee, a copy of the unaudited annual report of Lessee and any consolidated subsidiaries, similarly prepared and signed by a proper accounting officer of Lessee, (iii) within 90 days after each fiscal year of Lessee, a copy of the ICC Rail Form A of the Lessee for such year, prepared on an unconsolidated basis and in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the ICC applied on a basis consistent with that of the preceding fiscal year, and signed by a proper accounting officer of the Lessee, (iv) within 45 days after each quarter (except the last quarter) of each fiscal year of Lessee, a copy of its unaudited unconsolidated financial statement, prepared in conformity with the Uniform System of Accounts for Railroad Companies prescribed by the ICC and consisting of at least a balance sheet as at the close of such quarter and a profit and loss statement and analysis of surplus for such quarter and for the period from the beginning of such fiscal year to the close of such quarter, and signed by a proper accounting officer of Lessee, (v) with the unaudited audit report each year, a certificate of a responsible officer of Lessee to the effect that, except as otherwise specified therein, (x) all units of Equipment are

in existence and in good and efficient condition and have been marked as required by paragraph (e) of Section 9 hereof and, (y) no event of default, or event which might mature into an event of default, has occurred and is continuing under this Lease Agreement, and (vi) from time to time, such other information as Lessor or the Agent may reasonably request.

14. EVENTS OF DEFAULT

(a) The following shall be events of default hereunder:

(i) Default, and continuance thereof for 15 days, in the payment of any rent or other amount hereunder;

(ii) Any obligation of Lessee, any subsidiary or affiliate for borrowed money or payment of rent (other than any such obligation of any subsidiary or affiliate to Lessee or any other subsidiary or such affiliate) becomes or is declared to be due and payable prior to its express maturity by reason of default by Lessee, such subsidiary or such affiliate in the performance of observation of any obligation or condition;

(iii) Default in the performance of any of Lessee's agreements herein set forth (and not constituting an event of default under either of the preceding clauses of this paragraph (a)) and continuance of such default for 30 days after notice thereof from Lessor to Lessee;

(iv) Any representation or warranty made by Lessee in this Lease Agreement is untrue in any material respect, or any statement, report, schedule, notice or other writing furnished by Lessee to Lessor in connection herewith is untrue in any material respect on the date as of which the facts set forth are stated or certified; or

(v) Lessee, any subsidiary or any affiliate becomes insolvent or admits in writing its inability

to pay its debts as they mature, or applies for, consents to or acquiesces in the appointment of a trustee or a receiver for Lessee, such subsidiary or such affiliate or any property of either thereof; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for Lessee, any subsidiary or any affiliate, or for a substantial part of the property of any thereof, and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against Lessee, any subsidiary, or any affiliate, and, if instituted against Lessee, any subsidiary or any affiliate is consented to or acquiesced in by Lessee, such subsidiary or such affiliate, or remains for 60 days undismitted.

When used herein, unless the context otherwise requires, the term "event of default" shall mean any event described in the foregoing clauses (i) through (v) and the term "event which might mature into an event of default" shall mean any event which with the lapse of time, or with notice to Lessee and lapse of time, would constitute an event of default. Lessee shall give Lessor prompt notice of any event of default or of any event which might mature into an event of default.

(b) Upon the happening of an event of default, Lessor shall (except to the extent otherwise required by law) be entitled to:

(1) proceed by appropriate court action or actions to enforce performance by Lessee of the applicable covenants and terms of this Lease Agreement or to recover damages for the breach thereof;

(2) repossess any or all units of Equipment without prejudice to any remedy or claim hereinafter referred to;

(3) elect to sell any or all units of

Equipment, after giving 30 days' notice to Lessee, at one or more public or private sales and recover from Lessee as liquidated damages for Lessee's default hereunder an amount equal to the amount, if any, by which (A) the sum of (i) the aggregate Stipulated Loss Value of such units of Equipment on the date such notice is given, (ii) all rent owing hereunder to and including the rent payment date immediately preceding the date such notice is given, (iii) all costs and expenses incurred in searching for, taking, removing, keeping, storing, repairing, restoring and selling such units of Equipment, (iv) all other amounts owing by Lessee hereunder, whether as additional rent, indemnification or otherwise, and (v) all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by Lessor as a result of Lessee's default hereunder, exceeds (B) the amount received by Lessor upon such public or private sales of such units of Equipment;

(4) upon notice to Lessee receive prompt payment from Lessee of an amount equal to the aggregate Stipulated Loss Value on the date such notice is given of all units of Equipment which have not been sold by Lessor pursuant to clause (3) above plus, to the extent not otherwise recovered from Lessee pursuant to said clause (3) above, (i) any rent and other amounts owing hereunder to and including the rent payment date immediately preceding the date such notice is given, (ii) all costs and expenses incurred in searching for, taking, removing, keeping, storing, repairing and restoring such units of Equipment, and (iii) all other amounts owing by Lessee hereunder, whether as additional rent, indemnification or otherwise, and (iv) all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by Lessor as a result of Lessee's default hereunder; provided that upon receipt of payment in full of such amount, Lessor shall

transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such units of Equipment it may have;

(5) by notice to Lessee, declare this Lease Agreement terminated without prejudice to Lessor's rights in respect of obligations then accrued and remaining unsatisfied; or

(6) avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity, or in bankruptcy or insolvency proceedings.

The remedies herein set forth or referred to shall be cumulative. The references to additional rent in clauses (3) and (4) of this paragraph (b) shall each include, without limitation, interest at the applicable rate specified, in the first paragraph of Section 4, to the date of receipt by Lessor of the amount payable under said clause, on installments of rent owing hereunder to and including the rent payment date immediately preceding the date on which notice is given under said clause, from the respective due dates of such installments, and interest on all other costs, expenses and losses for which Lessor is entitled to payment under said clause from the respective dates incurred by Lessor.

17. SUBLEASE, ASSIGNMENT, MERGER, ETC. BY LESSEE

(a) So long as Lessee shall not be in default under this Lease Agreement, Lessee shall be entitled to the possession and use of the units of Equipment in accordance with the terms of this Lease Agreement, but, without the prior written consent of Lessor, Lessee shall not assign, transfer or sublet its leasehold interest under this Lease Agreement in the units or any of them. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the units, except to the extent permitted by the provisions of paragraph (b) below.

(b) So long as Lessee shall not be in default under this Lease Agreement, Lessee shall be entitled to the possession

of the units and to the use thereof upon its lines of railroad or upon the lines of any affiliate or upon lines of railroad over which Lessee has trackage or other operating rights or over which railroad equipment of Lessee is regularly operated pursuant to contract, and also to permit the use of the units upon other railroads in the usual interchange of traffic, if customary at the time, but only upon and subject to all the terms and conditions of this Lease Agreement. Lessee may receive and retain compensation for such use from other railroads so using any of the units. Lessee agrees that during the term of this Lease Agreement Lessee will not regularly use or permit the regular use of any unit outside the United States of America. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

(c) Nothing in this Section 17 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease Agreement in the Equipment or possession of the Equipment to any corporation (which shall have expressly assumed in writing the due and punctual payment and performance of all obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

18. ASSIGNMENT BY LESSOR

Lessor and any direct or remote assignee of any right, title or interest of Lessor hereunder shall have the right at any time or from time to time to assign part or all of its right, title and interest in and to this Lease Agreement. Without limiting the foregoing, Lessor and any such assignee shall have the right at any time or from time to time to transfer, subject to Lessee's right under this Lease Agreement, any unit or units of Equipment.

Lessor may obtain financing through a financial institution and secure such financial institution ("Secured Party") by granting a security interest or other lien on any or all of the Equipment, this Lease Agreement and sums due under this Lease Agreement. In such event (a) the security agreement or lien instrument will

specifically provide that it is subject to Lessee's rights as herein provided; (b) such assignment of this Lease Agreement will not relieve Lessor from its obligations hereunder or be construed to be an assumption by Secured Party of such obligations (but Secured Party may perform, at its option, some or all of Lessor's obligations); (c) upon request by Secured Party, Lessee will make all payments of rental and other amounts due hereunder directly to Secured Party; (d) Lessee's obligations hereunder, including (without limitation) its obligation to pay rent and other amounts due hereunder, shall not be subject to any reduction, abatement, defense, set off, counterclaim or recoupment for any reason whatsoever, which, however, shall not prevent Lessee from asserting any claim separately against Lessor; and (e) Lessee will not, after obtaining knowledge of any such assignment, consent to any modification of this Lease Agreement without the consent of Secured Party.

19. LESSOR'S RIGHT TO PERFORM

If Lessee fails to make any payments required by this Lease Agreement, or to perform any of its other agreements contained herein, Lessor may itself, but shall not be required to, make any such payments or perform any such obligations. The amount of any such payment and Lessor's expenses, including (without limitation) reasonable legal fees and expenses in connection therewith and with such performance, shall thereupon be and become payable by Lessee to Lessor upon demand as additional rent hereunder.

20. RECORDING; FURTHER ASSURANCES

Lessee will, at its expense, cause this Lease Agreement and any assignment hereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, re-register, re-record or redeposit whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to Lessor's satisfaction, of Lessor's interest in the units, or for the purpose of carrying out the intention of this Lease Agreement or the assignment thereof by Lessor; and Lessee will promptly furnish to Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for Lessee with respect thereto satisfactory to Lessor.

This Lease Agreement and each Certificate of Acceptance shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any unit of Equipment.

21. PURCHASE OPTION

Lessee shall have an option (the "Purchase Option") to purchase for cash all of the units of Equipment then under lease upon the last business day of or prior to the expiration of the lease term hereunder provided no event of default or event which might mature into an event of default has occurred and is then continuing hereunder. If Lessee desires to exercise the Purchase Option, it shall give to Lessor written notice of its election to purchase at least 90 days (and not more than 180 days) before the expiration of the lease term, stating Lessee's opinion as to the fair market value of the Equipment, and upon expiration of such lease term, Lessee shall purchase the Equipment and shall pay to Lessor in immediately available funds the purchase price for the Equipment, determined as hereinafter provided. The purchase price of the Equipment shall be the fair market value thereof as of the date of purchase. If Lessee and Lessor are unable to agree upon the fair market value of the Equipment within 30 days after receipt by Lessor of such notice, such fair market value shall be determined by an independent appraiser selected by mutual agreement of Lessor and Lessee. The fee of such appraiser shall be paid by Lessee. Upon payment by Lessee to Lessor of the purchase price for the Equipment at such expiration, and upon payment by Lessee of all rent and any other amounts owing to Lessor under this Lease Agreement, Lessor shall transfer to Lessee, without any representation or warranty of any kind, express or implied, whatever title to such Equipment Lessor may have.

22. COMMITMENT FEE

Lessee agrees to pay Lessor a commitment fee (computed on the basis of a year consisting of 365, or when appropriate 366, days) of 1/2 of 1% per annum on the daily average of the unused amount of its aggregate \$3,065,500 commitment hereunder. Such commitment fee shall commence on the date of this Agreement and shall be payable on the last day of March, June and September for the preceding three calendar months, and on the date of termination of the Lessor's commitment hereunder for any period then ending for which such commitment fee shall not have been theretofore paid.

23. CERTAIN DEFINITIONS

When used herein, the following terms shall have the meanings indicated:

The term "subsidiary" shall mean a corporation of which Lessee and its other subsidiaries own, directly or indirectly, such number of outstanding shares as have the power (disregarding any voting power, solely by reason of the happening of any default, of shares of any class) to elect a majority of the board of directors.

The term "affiliate" shall mean a corporation directly or indirectly controlling, controlled by, or under common control with, the Lessee.

The term "Trust Agreement" shall mean Equipment Leasing Trust Agreement No. 401 dated as of December 28, 1973 among Continental Illinois Leasing Corporation, Cobak Corporation and Continental Illinois National Bank and Trust Company of Chicago (as trustee), and restated in its entirety under the Trust Agreement dated as of January 1, 1974 among the Trustors and the Lessor (as successor trustees) establishing the "Milwaukee Road Equipment Trust No. 1974-1," and as said Trust Agreement may be further modified, amended or supplemented from time to time pursuant to the applicable provisions thereof. Lessee hereby acknowledges receipt of an executed copy of the Trust Agreement.

The term "Trustors" shall mean and include Continental Illinois Leasing Corporation, a Delaware corporation, Cobak Corporation, a Delaware corporation, Harriscorp Leasing, Inc., a Delaware corporation, Mellon National Leasing Corporation, a Pennsylvania corporation, and any other person to which a Trustor transfers its right, title and interest in and to the Trust Agreement in accordance with Section 7.01 of the Trust Agreement, together with their respective successors and assigns. The term "Trustor" shall refer to each or any Trustor.

24. CONDITIONS TO LESSOR'S OBLIGATIONS

Lessor shall not be obligated to make payment for any unit of Equipment hereunder unless at the date such payment is requested by Lessee:

(a) All of Lessee's representations and warranties in Section 8 of this Lease Agreement shall be true and correct as though made as of such date;

(b) No litigation or governmental proceedings shall be threatened or pending against Lessee or any subsidiary which in Lessor's opinion may be to a material extent adversely affect the financial condition or continued operation of Lessee and its subsidiaries on a consolidated basis;

(c) No event of default, or event which might mature into an event of default, shall have occurred or be continuing hereunder;

(d) Lessee shall have furnished to Lessor, in form and substance satisfactory to Lessor, the following on or prior to the date of the first requested payment hereunder:

(i) resolutions of the Board of Directors of Lessee, certified by its Secretary or an Assistant Secretary, authorizing the lease of such Equipment hereunder and the execution, delivery and performance by Lessee of the Reconstruction Agreement and this Lease Agreement;

(ii) a favorable opinion of counsel for the Lessee, acceptable to the Lessor, to the effect that:

((A) Lessee is a corporation duly organized and existing in good standing under the laws of the State of Wisconsin.

(B) Lessee is duly authorized to execute and deliver the Reconstruction Agreement and this Lease Agreement, and is and will continue to be duly authorized to lease Equipment hereunder and to perform its obligations hereunder and thereunder.

(C) The execution and delivery of the Reconstruction Agreement and this Lease Agreement by Lessee, and the performance by

Lessee of its obligations hereunder and thereunder, do not and will not conflict with any provision of law or of the charter or by-laws of Lessee or of any indenture, mortgage, deed of trust or agreement or instrument binding upon Lessee or to which Lessee is a party. Lessee has in the negotiation, execution and delivery of the Reconstruction Agreement and this Lease Agreement complied in all respects with the competitive bidding regulations prescribed by the Interstate Commerce Commission ("ICC") in 49 CFR Part 1010 pursuant to 15 U.S.C. § 20.

(D) The execution, delivery and performance of the Reconstruction Agreement and this Lease Agreement by Lessee and the consummation by Lessee of the transaction contemplated hereby and thereby does not require the consent, approval or authorization of, or notice to, any Federal or State governmental authority or public regulatory body, except for (i) the recording of the Trust Agreement, this Lease Agreement and each Certificate of Acceptance with the ICC in accordance with Section 20c of the Interstate Commerce Act, and (ii) the filing with the ICC within 30 days after the date of execution and delivery hereof of statement required by 15 U.S.C. § 20 and 49 CFR § 1010.4.

(E) The Reconstruction Agreement and this Lease Agreement are the legal, valid and binding obligations of Lessee enforceable in accordance with their respective terms.

(F) There are to the knowledge of such counsel no pending or threatened actions or proceedings before any court or administrative agency which may to a material extent adversely affect the financial condition or continued operation of Lessee and its subsidiaries on a consolidated basis.

(G) This Lease Agreement and the Certificate of Acceptance (for the first group of units of Equipment for which such payment has been requested) have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and that such filing and recording, together with the requisite filing and recording with the ICC of each additional Certificate of Acceptance delivered by Lessee hereunder for each additional group of units of Equipment, will protect Lessor's interests in and to the units covered by such Certificate of Acceptance and no further filing or recording (or giving of notice) with any other federal, state or local government is necessary in order to protect the interests of Lessor in and to the units;

(iii) an appraisal certificate (required both with the first payment requested hereunder for flat cars and the first such payment for box cars) issued by Mr. Alex Kerr of The Pennsylvania Group, Philadelphia, Pennsylvania, to the effect that (A) the fair market value of the used freight train cars purchased by Lessor from Lessee under the Reconstruction Agreement was not in excess of \$500 per car and (B) that the fair market value of the units of Equipment upon completion of their rebuilding and reconstruction under the Reconstruction Agreement was at least equal to \$5,500 per unit for the flat cars and \$5,590 per unit for the box cars;

(e) Lessee shall have furnished to Lessor, in form and substance satisfactory to Lessor, the following on or prior to the date of each requested payment hereunder:

(iv) the invoice, bill of sale, officer's certificate, deeds of partial release, Engineer's Certificate, supplement to Reconstruction Agreement and opinion of counsel referred to in paragraphs (i)-(vii) of Section 2 of

Part I of the Reconstruction Agreement covering the units of Equipment for which such payment is requested;

(v) a Certificate of Acceptance signed by the Resident Engineer (as the authorized representative of Lessor hereunder and under the Reconstruction Agreement) confirming delivery to, and acceptance by, the Lessor of the units of Equipment for which such payment is requested;

(vi) a Certificate of Acceptance of the Lessee covering the units of Equipment for which payment is requested, as filed and recorded with the ICC; and

(vii) such other releases, financing statements, waivers and other documents as Lessor or the Agent may reasonably request to insure that the Equipment will not be subject to any lien, charge, encumbrance, security interest or other similar interest.

25. COMMENCEMENT DATE

On the Commencement Date, Lessee shall furnish to Lessor and each Trustor, in form and substance satisfactory to Lessor and each such Trustor;

(a) A certificate of the President or a Vice President and the Treasurer or an Assistant Treasurer of the Lessee, dated Commencement Date, to the effect that:

(i) All of Lessee's representations and warranties in Section 8 of this Lease Agreement are true and correct as though made as of such date;

(ii) No litigation or governmental proceedings are threatened or pending against Lessee or any subsidiary which may to a material extent adversely affect the financial condition or continued operation of Lessee and its subsidiaries on a consolidated basis;

(iii) No event of default, or event which might mature into an event of default, has occurred and is continuing hereunder;

(iv) Since the date of this Lease Agreement, there has been no material adverse change in the financial condition of the Lessee from that shown by the financial statement referred to in subsection (e) of Section 8 hereof;

(v) The representations, warranties, covenants and agreements in this Lease Agreement are and have been made for the express benefit of each Trustor as well as the Lessor, and each Trustor shall be entitled to rely thereon; and

(vi) All units of Equipment have been delivered to and accepted by the Lessee for lease under this Lease Agreement, and the Lease Agreement is in full force and effect.

(b) Resolutions of the Board of Directors of Lessee, certified by its Secretary or an Assistant Secretary on the Commencement Date, authorizing the lease of such Equipment hereunder and the execution, delivery and performance by Lessee of the Reconstruction Agreement and this Lease Agreement;

(c) An opinion of counsel for the Lessee, acceptable to the Lessor, dated the Commencement Date and addressed to each Trustor and the Lessor, to the same effect as the opinion given to Lessor pursuant to Section 24(d)(ii) hereof on the first payment date hereunder, except that paragraph (G) of said opinion shall cover the ICC filing and recording of this Lease Agreement and the Certificates of Acceptance covering all units of Equipment leased hereunder; and

(d) Such other documents and evidence with respect to this Lease Agreement and the Reconstruction Agreement as Lessor or any Trustor may reasonably request in order to establish the consummation of the transactions contemplated by the Reconstruction Agreement and this Lease Agreement, the taking of all corporate proceedings in connection herewith and compliance with all conditions set forth in the Reconstruction Agreement and this Lease Agreement.

26. SUCCESSOR TRUSTEE

Lessee agrees that in the case of the appointment of any successor Trustee pursuant to the terms of the Trust Agreement,

such successor Trustee shall, upon written notice by such successor Trustee to Lessee, succeed to all the rights, powers and title of Lessor hereunder and shall be deemed to be Lessor and the owner of the Equipment for all purposes hereof without the necessity of any consent or approval by Lessee and without in any way altering the terms of this Lease Agreement or Lessee's obligations hereunder. One such appointment and designation of a successor Trustee shall not exhaust the right to appoint and designate further successor Trustees pursuant to the Trust Agreement, but such right may be exercised repeatedly as long as this Lease Agreement shall be in effect.

27. MISCELLANEOUS

(a) This Lease Agreement is executed by the Agent solely as fiscal agent for the Lessor, all as set forth more fully in the Trust Agreement. Lessor authorizes and directs the Lessee and each and every person, firm or corporation at any time or from time to time indebted to Lessor or holding any money, credits or other property of any kind or nature payable, distributable or deliverable to the Lessor, to pay, distribute or deliver the same to the Agent.

(b) Any provision in this Lease Agreement that Lessee shall take any action shall require Lessee to do so at its sole cost and expense.

(c) Any notice hereunder shall be in writing and, if mailed, shall be deemed to be given when sent by registered or certified mail, postage prepaid, and addressed: (i) if to Lessee, at its address shown below, (ii) if to Lessor, or the Agent, at 231 South La Salle Street, Chicago, Illinois 60693, or (iii) to any party at such other address as it may, by written notice received by the others, designate as its address for purposes of notice hereunder.

(d) If this Lease Agreement or any provision hereof shall be deemed invalid, illegal, or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of this Lease Agreement in other respects and other jurisdictions shall not be in any way impaired or affected thereby. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Lease Agreement unless such waiver

is in writing, and such writing shall be binding only to the extent therein provided and only upon the party signing it. A waiver on any one occasion shall not be construed as a waiver on any future occasion. Without limiting the foregoing, Lessor's rights and Lessee's duties shall in no way be affected by Lessor's inspection of, or failure to inspect, the Equipment or any of the documents referred to in this Lease Agreement or by Lessor's failure to inform Lessee of any failure to comply with any of Lessee's obligations under this Lease Agreement. Lessee hereby waives any right to assert that any Trustor cannot enforce this Lease Agreement or that this Lease Agreement is invalid because of any failure of Lessor to qualify to do business in any jurisdiction. This Lease Agreement has been delivered for acceptance by Lessor in Chicago, Illinois, shall be governed by the laws of the State of Illinois, shall be binding upon Lessor and Lessee and their respective successors and assigns, and shall inure to the benefit of Lessor and Lessee and the successors and assigns of Lessor.


(e) The section headings in this Lease Agreement are for convenience of reference only and shall not be considered to be a part of this Lease Agreement.

(f) The Lessor in executing and delivering this Lease Agreement act solely as Trustees under the Trust Agreement and not in their individual capacity; and all persons having any claims against the Lessor by reason of the transactions contemplated hereby shall look only to the Trust Estate (as defined in the Trust Agreement) for payment or satisfaction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed all as of the date first above written.

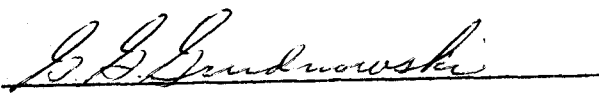
CHICAGO, MILWAUKEE, ST. PAUL
AND PACIFIC RAILROAD
COMPANY (Lessee)

Address:
746 Union Station Building
Chicago, Illinois 60606

By 
Title: Vice President -
Finance and Accounting

(CORPORATE SEAL)

Attest:


Assistant Secretary

J. M. NACHBIN AND M. A. MARINI,
as Trustees under the Milwaukee
Road Equipment Trust No. 1974-1
(Lessor)

By J. M. Nachbin
Trustee

By M. A. Marini
Trustee

CONTINENTAL ILLINOIS LEASING
CORPORATION (Fiscal Agent)

By Deane B. Breyer
Title: 2nd Vice President

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 1st day of April, 1974, before me personally appeared A. F. Kralochwll, to me personally known, who being by me duly sworn, says that he is a Vice President of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

David L. Stutz
Notary Public

(SEAL)

My Commission Expires:

Nov. 26, 1976

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 25th day of March, 1974, before me personall appeared J. M. NACHBIN and M. A. MARINI, to me personally known, who being by me duly sworn, say that they are the individuals named as Trustees in the foregoing instrument, that said instrument was signed by them on behalf of the Trust therein named, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Trust.

Michelle A. Filipiak
Notary Public

(SEAL)

My Commission Expires:

November 26, 1977

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this *26th* day of *March*, 1974, before me personally appeared *Terrance J. Bruggeman*, to me personally known, who being by me duly sworn, says that he is a Second Vice President of CONTINENTAL ILLINOIS LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Michelle A. Filipiak
Notary Public

(SEAL)

My Commission Expires: *November 26, 1977*

J. M. Nachbin and M. A. Marini,
as Trustees under the Milwaukee
Road Equipment Trust No. 1974-1
c/o Continental Illinois Leasing Corporation
231 South LaSalle Street
Chicago, Illinois 60693

CERTIFICATE OF ACCEPTANCE

Gentlemen:

1. The undersigned Resident Engineer is your authorized representative designated under the Contract for Purchase and Reconstruction dated as of January 1, 1974 (the "Reconstruction Agreement") between you and Chicago, Milwaukee, St. Paul and Pacific Railroad Company (the "Railroad Company"). As such authorized representative, the undersigned hereby represents and certifies to you as follows:

(a) that the rebuilt freight train cars described below have been duly delivered in good order by the Railroad Company under the Reconstruction Agreement, have been duly inspected and accepted on the respective dates there shown by the undersigned as your authorized representative and conform in all respects to the requirements and specifications of the Reconstruction Agreement; and

(b) that each such car was at its delivery properly marked on each side thereof with the legend provided in Section 9(e) of the Lease Agreement between you and the Railroad Company.

2. The undersigned Chicago, Milwaukee, St. Paul and Pacific Railroad Company ("Lessee") is the Lessee under the Lease Agreement dated as of January 1, 1974 (the "Lease Agreement") between you and the Lessee. As such Lessee, we hereby request you to pay the attached invoices for the acquisition, reconstruction and delivery of the rebuilt freight train cars described below. We hereby represent and certify to you as follows:

(a) that all of our representations and warranties set forth in Section 8 of the Lease Agreement are true and correct as of the date hereof as though made on this date;

(b) that the rebuilt freight train cars described below have been delivered to us, as Lessee under the Lease Agreement, on the dates indicated and have been duly inspected and are hereby accepted by us for lease under the Lease Agreement; and

(c) that no event of default, or event which might mature into an event of default, has occurred and is continuing under the Lease Agreement.

3. This Certificate of Acceptance shall be and become a part of the Lease Agreement, and the rebuilt freight train cars described below are hereby declared to be leased by us thereunder. The Lease Agreement was filed and recorded with the Interstate Commerce Commission on _____, 1974 at __: __ .M. with Recordation No. _____.*/

Resident Engineer and
authorized representative,
as aforesaid, and signing
as to the matter in paragraph
1 above

Dated: _____, 1974

CHICAGO, MILWAUKEE, ST. PAUL AND
PACIFIC RAILROAD COMPANY,
Lessee and signing as to the
matter in paragraphs 2 and 3
above

By _____
Its _____
Dated: _____, 1974

*/ This sentence is to be included on all Certificates of Acceptance other than the first Certificate of Acceptance

Accepted:

J. M. NACHBIN and M. A. MARINI,
as Trustees as aforesaid

By _____
One of the Trustees

Dated: _____, 1974

DESCRIPTION OF REBUILT CARS

<u>Total No.</u> <u>of Items</u>	<u>Lessee's Identifying</u> <u>Nos.</u>	<u>Delivery and</u> <u>Acceptance Date</u>	<u>Invoice</u> <u>Amount</u>
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CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD

"Stipulated Loss Value" of any unit of Equipment as of a particular date shall mean the product derived from multiplying (i) the percentage figure opposite the notation for the appropriate rental period set forth in the table appearing below by (ii) the Lessor's Cost of such unit. Stipulated Loss Value does not include any amounts for which Lessor may be entitled to indemnification under Sections 12 and 13(a) of the Lease Agreement.

STIPULATED LOSS VALUE TABLE

		<u>%</u>		
On or Before Rent Payment Date No.....	1	100.000000	Thereafter, But On or Before Rent Payment Date No....	16 80.1
Thereafter, But On or Before Rent Payment Date No....	2	99.495398	Thereafter, But On or Before Rent Payment Date No....	17 78.6
Thereafter, But On or Before Rent Payment Date No....	3	98.774182	Thereafter, But On or Before Rent Payment Date No....	18 77.0
Thereafter, But On or Before Rent Payment Date No....	4	98.013858	Thereafter, But On or Before Rent Payment Date No....	19 75.3
Thereafter, But On or Before Rent Payment Date No....	5	97.213874	Thereafter, But On or Before Rent Payment Date No....	20 73.6
Thereafter, But On or Before Rent Payment Date No....	6	96.373672	Thereafter, But On or Before Rent Payment Date No....	21 71.8
Thereafter, But On or Before Rent Payment Date No....	7	95.468511	Thereafter, But On or Before Rent Payment Date No....	22 65.7
Thereafter, But On or Before Rent Payment Date No....	8	94.497472	Thereafter, But On or Before Rent Payment Date No....	23 63.8
Thereafter, But On or Before Rent Payment Date No....	9	93.459623	Thereafter, But On or Before Rent Payment Date No....	24 61.8
Thereafter, But On or Before Rent Payment Date No....	10	92.354020	Thereafter, But On or Before Rent Payment Date No....	25 59.8
Thereafter, But On or Before Rent Payment Date No....	11	91.186696	Thereafter, But On or Before Rent Payment Date No....	26 57.7
Thereafter, But On or Before Rent Payment Date No....	12	89.956777	Thereafter, But On or Before Rent Payment Date No....	27 55.5
Thereafter, But On or Before Rent Payment Date No....	13	88.663375	Thereafter, But On or Before Rent Payment Date No....	28 53.3
Thereafter, But On or Before Rent Payment Date No....	14	83.050757	Thereafter, But On or Before Rent Payment Date No....	29 51.0
Thereafter, But On or Before Rent Payment Date No....	15	81.632171	Thereafter, But On or Before Rent Payment Date No....	30 44.4

STIPULATED LOSS VALUE TABLE (continued)

		<u>%</u>			
Thereafter, But On or Before Rent Payment Date No....	31	42.107276	Thereafter, But On or Before Rent Payment Date No....	37	26.5
Thereafter, But On or Before Rent Payment Date No....	32	39.659888	Thereafter, But On or Before Rent Payment Date No....	38	23.7
Thereafter, But On or Before Rent Payment Date No....	33	37.153117	Thereafter, But On or Before Rent Payment Date No....	39	20.8
Thereafter, But On or Before Rent Payment Date No....	34	35.087724	Thereafter, But On or Before Rent Payment Date No....	40	17.9
Thereafter, But On or Before Rent Payment Date No....	35	31.962131	Thereafter.....		15.0
Thereafter, But On or Before Rent Payment Date No....	36	29.280337			